



South Carolina Department of Insurance

Division of Consumer and Individual Licensing Services

Capital Center
1201 Main Street, Suite 1000
Columbia, South Carolina 29201

Mailing Address:
P. O. Box 100105, Columbia, SC 29202-3105
Telephone: (803) 737-6134

MARK SANFORD
Governor

SCOTT RICHARDSON
Director of Insurance

SOUTH CAROLINA PREMIUM FINANCE COMPANY APPLICATION

LICENSE FEE: NONREFUNDABLE
\$1,000

RETURN APPLICATION TO: S.C. Department of Insurance, Special Services Division
PO Box 100105, Columbia, SC 29202-3105

COMPANY NAME _____

STREET ADDRESS _____

TRADE NAME (IF ANY) _____

MAILING ADDRESS _____

CITY _____ **STATE** _____ **ZIP CODE** _____

FEDERAL TAX ID# _____ **PHONE NO.** _____ **FAX#** _____

E-MAIL ADDRESS _____

DATE OF INCORPORATION _____ **STATE OF INCORPORATION** _____

APPLICANT IS: () INDIVIDUAL PROP. () PARTNERSHIP () CORPORATION () LIMITED LIABILITY

I. ATTACH THE FOLLOWING APPLICABLE ITEMS. (MARK N/A IN THE SPACE PROVIDED IF NOT APPLICABLE)

____ Certified copy of the Board of Directors meeting that authorized this application to be made.

____ Certified copy of Articles of Incorporation.

____ Certified copy of Corporate By-Laws.

____ Certified copy of the Certificate of Authority to transact business in the State of South Carolina, issued by the South Carolina Secretary of State. Telephone No. 803-734-2158 **(Foreign and Domestic)**

____ Certified copy of current partnership agreement. **(Partnerships only)**

____ Surety Bond or Certificate of Deposit made to the South Carolina Department of Insurance \$50,000.

- ____ A current audited financial statement of the premium finance company, proposed by a certified public accountant or by a qualified independent accountant who is engaged in the public practice of accounting (financial statement must disclosed net worth of \$20,000).
- ____ Forms used in operation (must be filed in duplicate)
- Insurance premium service agreement
 - Notice of over due payment (Intent to cancel)
 - Payment Book
 - Notice to insurer that the policy is financed
 - Notice to Request cancellation

II. ADDRESS AT WHICH APPLICANT WILL CONDUCT BUSINESS UNDER LICENSE, AND WHERE DIFFERENT, THE MAILING ADDRESS: _____

(a) Address of principal place of business within the state: _____

(b) Address at which all books, records, accounts and documents relating to business in this state will be kept: _____

(c) If applicant is foreign, proprietorship, partnership or corporation, address of principal place of business: _____

Name and address of agent for service of process: _____

III. GENERAL INTEROGGATORIES:

- A. Has the applicant, any partner, director, officer, office manager, field representative or stockholder owning ten (10) percent or more of applicant's outstanding capital stock ever:
- previously applied in this State for a license to engage in the business of insurance premium financing? _____
 - received a rejection, revocation or suspension of license under the laws of this or any other State governing insurance premium finance, or other consumer financing? _____
 - received a rejection or suspension of license, been convicted or entered a plea of guilty or nolo contendere, with respect to any law or regulation relating to the business of insurance? _____
 - been placed in voluntary or involuntary bankruptcy, receivership, trusteeship, or conservatorship?
 - hold a license to engage in business of insurance premium financing or any similar or related business in any state, district or territory of the United States?_____

6. directly or indirectly under common ownership, control or management or otherwise affiliated or associated with any insurer, or any person, firm or corporation having or exercising control of an insurer? _____

What business, other than insurance premium financing, will be conducted by the application?_____

What entities own at least ten (10) percent of applicant's outstanding capital stock?

Name & Address	Shares	%Ownership	Par Value / Share	Dividend Calculated
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For what agent or agency will the applicant finance insurance premium? _____

Name:_____ Address:_____

THIS APPLICATION IS INTENDED AS AN INDUCEMENT TO THE ISSUANCE OF THE LICENSE APPLIED FOR, AND BY SIGNATURE HEREOF, THE APPLICANT SWEARS (OR AFFIRMS), SUBJECT TO THE PAINS AND PENALTIES OF PERJURY, THAT ALL ANSWER, STATEMENTS AND SUPPLEMENTARY MATERIAL ARE ACCURATE, COMPLETE AND TRUE AND AGREES THAT ANY LICENSE SO ISSUED SHALL BE SO.

PRESIDENT OR INDIVIDUAL

PARTNER

(CORPORATE SEAL)

ATTEST:_____

SECRETARY

SWORN AND SUBSCRIBED BEFORE ME ON THIS ____ DAY OF _____, 20____

NOTARY PUBLIC

MY COMMISSION EXPIRES

CHAPTER 39.

INSURANCE PREMIUM SERVICE COMPANIES

SECTION 38-39-10. Application of chapter.

This chapter does not apply to:

- (a) an insurer authorized to do business in this State;
- (b) a banking institution, savings and loan association, cooperative credit union, consumer finance company provided for in Sections 34-29-10 to 34-29-260 authorized to do business in this State, or a supervised lender provided for in Title 37 authorized to do business in this State;
- (c) the inclusion of a charge for insurance in connection with an installment sale of goods or services;
- (d) the advancing of premiums by insurance agents and producers of record under Article 3 of Chapter 43 of this title.

SECTION 38-39-20. License required; fee; interrogatories.

(a) No person may engage in the business of servicing insurance premiums in this State without first obtaining a license from the director or his designee. Any person who engages in the business of servicing insurance premiums in this State without obtaining a license is guilty of a misdemeanor. Each transaction constitutes a separate offense.

(b) The annual license fee is five hundred dollars payable by March first to the department, to be deposited by the department in the state treasury.

(c) The person to whom the license is issued shall file sworn answers, subject to the penalties of perjury, to any interrogatories the director or his designee may require. The director or his designee has authority to require the applicant to disclose the identity of all stockholders, partners, officers, and employees. He may refuse to issue or renew a license in the name of any firm, partnership, or corporation if he is not satisfied that any officer, employee, stockholder, or partner of it who may materially influence the applicant's conduct meets the standards of this chapter.

SECTION 38-39-30. Investigation of applicant; issuance of license; bond.

(a) Upon the filing of an application and the payment of the license fee the director or his designee shall make an investigation of the applicant and shall issue a license if the applicant is qualified. If the director or his designee does not find the applicant qualified, he shall, within thirty days after he has received the application, at the request of the applicant, give the applicant a full hearing.

(b) The director or his designee shall issue a license when he is satisfied that the person to be licensed:

(1) is competent and trustworthy and intends to act in good faith in the capacity involved by the license applied for;

(2) has a good business reputation and has had experience, training, or education so as to be qualified in the business for which the license is applied for;

(3) if a corporation, is a corporation incorporated under the laws of this State or a foreign corporation authorized to transact business in this State;

(4) has on deposit with the department a surety bond of fifty thousand dollars or has proven financial responsibility by depositing with the department acceptable securities of fifty thousand dollars. The bond or the deposit of securities must be held for the reimbursement of parties damaged through the acts, neglects, defaults, or insolvency of the premium service company;

(5) if directly or indirectly owned or controlled by, or affiliated with, an insurer, will not use the license to restrain trade or to secure an unfair competitive advantage or to falsify the insurer's financial condition or to render deceptive or misleading a financial statement of the insurer or, in any other way, to aid or assist the insurer in evading insurance laws or regulations;

(6) if a foreign corporation is regulated and examined by the appropriate department in its state of domicile.

(c) Each license is for an indefinite term, unless sooner revoked or suspended, if the annual license fee is paid by March first.

SECTION 38-39-40. Revocation or suspension of, or refusal to issue, license; monetary penalties.

(a) The director or his designee may revoke or suspend the license of an insurance premium service company after investigation if it appears to the director or his designee that:

- (1) The license issued to the company was obtained by fraud;
- (2) There was any misrepresentation in the application for the license;
- (3) The holder of the license has otherwise shown himself untrustworthy or incompetent to act as a premium service company;
- (4) The company has violated this chapter; or
- (5) The company has been rebating directly or indirectly part of the service charge to an insurance agent or insurance broker or to an employee of an insurance agent or insurance broker or to any other person as an inducement to the financing of an insurance policy with the premium service company.

(b) Before the director or his designee revokes, suspends, or refuses to renew the license of a premium service company, he shall give the person an opportunity to be fully heard and to introduce evidence in his behalf. In lieu of revoking or suspending the license for any of the causes enumerated in this section, after a hearing, the director or his designee may subject the company to a monetary penalty as provided for in Section 38-2-10 for each offense when in his judgment he finds that the public interest would not be harmed by the continued operation of the company. The penalty must be paid to the department and must be deposited by the department in the state treasury. Any action by the director or his designee pursuant to this section may be appealed by the premium service company before the Administrative Law Judge Division.

SECTION 38-39-50. Records must be kept by insurance premium service companies.

(a) Every licensed premium service company shall maintain records of its premium service transactions and the records must be open to examination and investigation by the director or his designee. The director or his designee may at any time require the company to bring any records he directs to his office for examination.

(b) Every licensed premium service company shall preserve its records, including cards used in a card system, for at least three years after making the final entry in respect to any premium service agreement. The preservation of records in photographic form constitutes compliance with this requirement.

SECTION 38-39-60. Regulations.

The department, after a public hearing, has authority to make and enforce any regulations necessary to carry out this chapter, but these regulations may not be contrary to nor inconsistent with this chapter.

SECTION 38-39-70. Premium service agreements.

(a) A premium service agreement:

- (1) Must be at least eight-point type for the printed portion;
- (2) Must be dated and signed by the insured;
- (3) Shall contain the name and place of business of the insurance agent or insurance broker negotiating the related insurance contract, the name and residence or the place of business of the insured as specified, the name and place of business of the premium service company to which payments are to be made, a description of the insurance contracts involved, and the amount of the premium; and
- (4) Shall set forth the following, where applicable:
 - (A) The total amount of the premiums;
 - (B) The amount of the down payment;
 - (C) The principal balance [the difference between subitems (A) and (B)];
 - (D) The amount of the service charge;
 - (E) The balance payable by the insured [sum of subitems (C) and (D)]; and
 - (F) The number of installments required, the amount of each installment expressed in dollars, and the due date or period thereof.

(b) The subitems set out in item (4) of subsection (a) need not be stated in the sequence or order in which they appear, and additional subitems may be included to explain the computations made in determining the amount to be paid by the insured.

(c) The minimum down payment for a premium service insurance contract may not be less than ten percent.

SECTION 38-39-80. Premium service companies may not write insurance or sell other services or commodities; service charges.

(a) A premium service company may not write any insurance or sell any other service or commodity in connection with any premium service contract.

(b) A premium service company may not charge, contract for, receive, or collect a service charge other than as permitted by this chapter.

(c) The service charge must be computed on the balance of the premiums due (after subtracting the down payment made by the insured in accordance with the premium service agreement) from the effective date of the insurance coverage, for which the premiums are being advanced, to and including the date when the final installment of the premium service agreement is payable.

(d) An initial charge of fifteen dollars per premium service contract is permitted which may not be refunded upon cancellation or prepayment.

(e) The service charge is at the rate of one percent per month computed on the remainder of the outstanding balance. However, in the event of cancellation by the borrower prior to maturity of the contract, the unearned service charge must be refunded on a short rate basis as determined by the department. With respect to the service charge for a premium service agreement which is for other than personal, family, or household purposes, the parties may contract for the payment by the debtor of a service charge at any rate, but no rate charged hereunder may be unconscionable. "Unconscionable" is defined as a rate substantially exceeding the usual and customary charge for financing insurance premiums.

(f) No premium service company may induce an insured to become obligated under more than one premium service agreement for the purpose of obtaining more than one nonrefundable fifteen-dollar charge, and no premium service company may intentionally cancel an insurance contract for the purpose of obtaining an additional fifteen-dollar nonrefundable charge on a new premium service agreement accepted within sixty days of the cancellation on the prior agreement.

(g) A premium service agreement may provide for the payment by the insured of a delinquency charge on each installment in default for a period of not less than five days of one dollar to a maximum of five percent of the installment; however, if the loan is primarily for personal family and household purposes the maximum amount of the delinquency charge may not exceed five dollars. Only one delinquency charge may be collected on an installment regardless of the period during which it remains in default.

SECTION 38-39-90. Cancellation of insurance contracts by premium service company.

(a) When a premium service agreement contains a power of attorney enabling the company to cancel any insurance contract listed in the agreement, the insurance contract may not be canceled by the premium service company unless the cancellation is effectuated in accordance with this section.

(b) The premium service company shall deliver the insured at least ten days' written notice of its intent to cancel the insurance contract unless the default is cured within the ten-day period.

(c) Not less than five days after the expiration of the notice, the premium service company may thereafter request in the name of the insured cancellation of the insurance contract by delivering to the insurer a notice of cancellation. The insurance contract must be canceled as if the notice of cancellation had been submitted by the insured himself, but without requiring the return of the insurance contract. The premium service company shall also deliver a notice of cancellation to the insured at his last address as set forth in its records by the date the notice of cancellation is delivered to the insurer. It is sufficient to give notice either by delivering it to the person or by depositing it in the United States mail, postage prepaid, addressed to the last address of the person. Notice delivered in accordance with the provisions of this statute shall be sufficient proof of delivery.

(d) All statutory, regulatory, and contractual restrictions providing that the insurance contract may not be canceled unless notice is given to a governmental agency, mortgagee, or other third party apply where

cancellation is effected under this section. The insurer shall give the prescribed notice in behalf of itself or the insured to any governmental agency, mortgagee, or other third party by the second business day after the day it receives the notice of cancellation from the premium service company and shall determine the effective date of cancellation taking into consideration the number of days' notice required to complete the cancellation.

(e) Whenever an insurance contract is canceled, the insurer shall return whatever gross unearned premiums are due under the insurance contract to the premium service company which financed the premium for the account of the insured. The gross unearned premiums due on personal lines insurance contracts financed by premium service companies must be computed on a pro rata basis.

(f) If the crediting of return premiums to the account of the insured results in a surplus over the amount due from the insured, the premium service company shall hold the surplus in a fiduciary capacity and promptly refund the excess to the insured. No refund is required if it amounts to less than three dollars.

(g) Cancellations of insurance contracts by premium service companies must be effected exclusively by the forms, method, and timing set forth in this chapter.

SECTION 38-39-100. Validity of premium service agreement as secured transaction.

Filing of the premium service agreement is not necessary to perfect the validity of the agreement as a secured transaction as against creditors, subsequent purchasers, pledgees, encumbrances, successors, or assigns.

SECTION 38-39-110. Approval of forms and rate charges.

The director or his designee shall approve all forms and rate charges of premium service companies in accordance with the standards prescribed in this chapter.

REGULATIONS: 69-10 PREMIUM SERVICE COMPANY

1. Every premium service agreement which confers upon a premium service company authority to cause a policy of insurance covering lives, property or interests situate in South Carolina to be terminated shall be deemed made in South Carolina and such policy shall be so terminated only in accordance with the provisions of Chapter 39 of Title 38, Code of Laws of South Carolina, 1976, and the Regulations pursuant thereto.

2. The provisions of this Regulation do not apply to premiums financed under revolving charge account arrangements by a licensee which is a subsidiary of an insurer or group of affiliated insurers where maximum charges do not exceed 7% per annum on the amount actually financed. Such revolving charge account arrangements shall be submitted to the Commissioner for approval or disapproval by specific order for each such arrangement.

3. No licensee nor other person acting for or in behalf of the licensee shall retain the original policy in connection with any premium service agreement, and any such retention of the original contract shall be deemed cause for the revocation of, or refusal to renew, the license of such licensee.

4. Every application for a license or renewal of the license as a premium service company shall be made on the form prescribed by the Chief Insurance Commissioner which shall be completed and filed in accordance with the instructions of the Commissioner accompanied by all required supporting documents and the applicable fee.

5. In the case of an original application for a license, the application shall be signed by:

(a) The sole proprietor, if the applicant is a sole proprietor; or

(b) A general partner, if the applicant is a partnership;

(c) The chief executive officer and the secretary if the applicant is a corporation or other business entity whose ownership is manifested by shares. Such original application shall be accompanied by the certified resolution of the board of directors or similar governing body of the corporation or other entity.

6. In the case of the renewal of an existing license or a change in such license, reference may be made to the earlier application and only those sections of the application form where changes are necessary need be completed, provided the signature to the original application certify under the pains and penalties of perjury that no change has occurred which would require an answer differing from that contained in the original application.

7. Licenses hereunder are hereby declared personal and issued by reason of special confidence in the licensee so licensed. No license may be transferred, directly or indirectly, nor shall such license be used for, or in behalf of, any person, firm or corporation whatsoever other than the licensee. Any such

transfer, attempted transfer or use shall be void and shall be deemed sufficient grounds for the revocation of, or refusal to renew, the license.

8. Every corporation, or similar business entity, partnership, or proprietor doing business under a name, other than his or its own, shall file, and keep on file, with the Commissioner, the names and addresses of officers, directors, partners and proprietors and shall designate therein the name and address of the person upon whom service of process may be made.

9. No foreign corporation or similar business entity shall be licensed as a premium service company unless it shall first become domesticated in South Carolina. Certification of such domestication by the Secretary of State of South Carolina shall accompany the application of each such foreign corporation or similar business entity.

10. Transfer or assignment to another, or a series of transfers or assignments within a 6 month period, of 10% or more of the premium service agreements of a licensee shall be deemed a bulk transfer or assignment. No licensee shall effect a bulk transfer or assignment of premium service agreements unless it shall first file the proposed agreement with, and secure the approval of, the Commissioner who shall grant such approval only if he is satisfied that such arrangements are just and equitable, that provision has been made for adequate notice to the insureds and insurers, that all funds due or payable to insureds and insurers have been paid or adequately secured, that the transferee or assignee has expressly assumed the obligations of the transferor or assignor arising out of such premium service agreements and/or that the transferor or assignor has provided indemnity or security with respect to such obligations.

11. Death of a proprietor shall terminate the license. Death or withdrawal of a partner shall suspend the license if the licensee is a partnership; provided, however, that if notice of such death or withdrawal is furnished to the Commissioner within 10 days of the event and the Commissioner is satisfied, by examination or otherwise, that the interests of insureds and insurers have been adequately protected, he may reinstate the suspended license.

Appointment of referee, receiver or trustee incident to bankruptcy or insolvency proceedings against the licensee shall suspend the license which may be reinstated only if the Commissioner finds that such proceedings have terminated and that the interests of insureds and insurers have been adequately protected.

12. The Commissioner shall be notified by registered or certified mail not later than 10 days after the event upon the occurrence of any of the following:

(a) When a partner dies or withdraws from a partnership which is a licensee, or when a new partner is admitted.

(b) When an officer, director or person owning or controlling 10% or more of the stock of a corporation or similar business entity, which is a licensee, ceases to be such, or, when a person becomes an officer, director or person owning or controlling 10% or more of the stock of such licensee.

(c) When any licensee, or any person who is a partner, officer, director or who owns 10% or more of the shares of the licensee is arrested, indicted or convicted with respect to any State or Federal offense involving moral turpitude other than a misdemeanor resulting from the operation of a motor vehicle.

(d) When a licensee suffers a revocation or suspension of license or is refused a license as a premium service company, premium finance company, insurance agency, or agent, in any other jurisdiction.

(e) When a voluntary or involuntary petition of bankruptcy or prayer for the appointment of a receiver or trustee is filed against the licensee or when the licensee enters into any assignment for the benefit of creditors or composition among creditors.

In the event of any of the foregoing, the Commissioner may conduct such examination and investigation as he deems necessary or appropriate for the protection of insureds and insurers, the expense of which shall be borne by the licensee. Without limitation upon the generality, he may require any of the affected persons to respond to interrogatories under oath or appear before him to testify under oath and may require such other or further disclosure as he deems necessary or appropriate.

13. Every premium service company shall, prior to their use, file the following forms with the Commissioner and receive his written approval:

(a) Insurance premium service agreement.

(b) Payment book.

(c) Notice of overdue payment.

(d) Request for cancellation.

(e) Notice to insurer that premium is financed under premium service agreement.

(f) Such other forms, other than advertising material and rate charts, as the licensee prepares or uses for delivery or mailing to insureds, insurers or insurance agents. This section does not apply to individual correspondence.

14. Forms filed with the Commission for approval shall be so filed in duplicate, one copy of which will be returned to the licensee endorsed with the approval or disapproval of the Commissioner.

15. No form, the filing of which is required hereunder, shall be used prior to its approval, and use of any such form which has not been approved, or which has been disapproved, shall constitute grounds for the revocation, suspension or refusal of renewal of the license or for the imposition of such penalty in lieu thereof as the Commissioner deems appropriate.

16. The records of the licensee relating to its business as a premium service company shall be kept entirely separate and distinct from records of any other business conducted by the licensee, and all items of accounts, whether real or nominal, control or subsidiary, in connection with its premium service company business shall be maintained separately and distinctly from accounts reflecting other business conducted by the licensee. Records and accounts with respect to premium service company business done in this State need not be maintained separately and distinctly from records of such business done in other states. Upon violation of this provision, the Commissioner may suspend the license of the licensee until such time as he has become satisfied, as a result of examination at the expense of the licensee, that proper separation and distinction of accounts has been made and will be maintained.

17. To comply with Section 38-39-50(b), every licensee shall maintain on file each premium service agreement, or a duplicate original or photocopy thereof, and every original document relating thereto, all of which must bear an identifying account number.

Every such licensee shall maintain records which will readily disclose, as to each premium service agreement:

(a) Date of contract or acquisition.

(b) Name of the insured.

(c) Account number.

(d) Name of agent or producer of record.

(e) Principal balance at inception.

(f) Amount of service charge.

(g) Time balance.

(h) Initial charge.

(i) Number, interval and amount of payments.

(j) Exact disbursement of proceeds including the date, amount and purpose of all payments and names of all persons to whom any part of proceeds was paid, credited or allocated.

(k) Date of notice to insured that cancellation would be requested.

(l) Date of request for cancellation to insurer and requested cancellation date.

(m) Amount of return premium and its disposition.

18. The service charge in connection with a premium service agreement shall be applied only to the difference between the down payment and the total premium and shall not apply as to the initial charge which may be added only after computation of the service charge.

19. No notice of intent to request cancellation shall be given in advance of an actual default on the premium service agreement. Upon the occurrence of such default, the licensee may notify the insured by mail of its intention to request cancellation of the policies which are the subject of the agreement not less than 10 days after the date of mailing unless all payments then in default are received before the end of such 10 day period.

20. Not less than 5 days after the expiration of such period, if the default has not been cured, the licensee may mail a request for cancellation to the insurer, which request shall be accompanied by the proffer of the original or a photocopy of its authorization if such original or photocopy was not earlier furnished to the insurer, in which event reference may be made thereto.

The licensee shall mail a copy of the request for cancellation to the insured, and with respect to a policy of automobile liability insurance, such copy shall expressly and prominently inform the insured of his statutory duty to replace such insurance on or before the date of cancellation.

21. Every insurer, upon receipt of such request for cancellation, shall, subject to Section 22 hereof, cancel such contract as of the date requested and shall within a reasonable time, not more than 30 days, cause the gross return premium, if any, to be computed and paid or credited to, or for, the account of the

licensee. A copy of the statement relating to such return premiums shall be furnished by the insurer to the insured.

22. Where a valid statutory, regulatory or contractual provision requires that notice be given a particular period of time before cancellation shall become effective, the insurer shall not be required to effect cancellation prior to the elapse of the period of time prescribed by such statute, regulation or contract; the running of such time shall commence the second business day following receipt by the insurer of the request for cancellation.

23. Any excess of return premium over the amount to which the licensee is properly entitled under the premium service agreement shall be held and accounted for by the licensee in its fiduciary capacity and shall be promptly paid, and in no event more than 30 days after its receipt, to the insured.

Failure so to pay such funds to insureds or the commingling of such fiduciary funds with other funds of the licensee for longer than 30 days shall constitute sufficient grounds for the revocation, suspension or refusal of renewal of the license or the imposition of such lesser penalty as the Commissioner may deem appropriate.

24. This Regulation applies to a life insurance contract assigned to a licensee in connection with a premium service agreement and surrendered by such licensee for return by the insurer of any cash surrender value to the licensee; provided, however, that with respect to a life insurance contract, the licensee may retain, and the insurer may require surrender of, the original insurance contract.

25. In the event of cancellation of a premium service agreement by the insured, refund of the unearned service charge shall be in accordance with the customary short rate tables as used by insurers, copies of which are attached to and form a part of this Regulation.

26. No licensee shall sell or offer for sale, in connection with a premium service agreement or an application or request for such agreement, any insurance, commodity, or service of whatsoever nature as an inducement, condition, or consideration for entering into any such agreement.

The violation of this section shall constitute sufficient grounds for the revocation, suspension or refusal to renew the license.

27. No premium service agreement shall include, nor relate to, any subject other than the financing of premium with respect to the specific insurance policy or policies identified therein; and every agreement, undertaking or understanding relating to, affecting, or touching upon such premium service agreement shall be expressly incorporated therein so as to become a part thereof.

28. Each licensee shall furnish to the Commissioner, not later than March 1 of each year, on forms prescribed by him, an Annual Report on all business conducted under the license.

A special report shall be filed with the Commissioner each 6 months setting forth for each month of that period the following with totals:

- (a) Number of premium service agreements written.
- (b) Total premiums thereunder.
- (c) Principal balances thereunder.
- (d) Total service and initial charges.
- (e) Number of policies cancelled pursuant to request.

29. No licensee shall accept or act pursuant to a premium service agreement which is not complete, nor shall any licensee or other person acting in its behalf complete, alter, vary or sign any such agreement except pursuant to the express, written instructions of the insured, a copy of which shall be retained and kept on file.

30. No premium service company, nor any employee, agent, or other person, acting in its behalf, shall give or offer to give any monies, supplies or services of whatsoever nature to any agent, producer of record or any other person as an inducement to such agent, producer or person to place premium service agreements with such premium service company; nor shall any such premium service company make or offer any rebate or other advantage or benefit to any borrower as an inducement to the effecting of a premium service agreement. Nothing herein shall preclude a premium service company from distributing advertising pieces or gifts containing the name and address of such premium service company and costing not more than one dollar.

31. Manifestly, in enacting the Premium Service Company Act of 1967, the General Assembly was responding to a vital public need, particularly with respect to the financing of premiums referable to automobile insurance, generally, and assigned risks, in particular. The legislation discloses a clear legislative design to erect safeguards around the financing of premiums for the protection not only of the insuring public but of the insurers themselves. In view of the General Assembly's obvious recognition of

the public interest in connection with the subject of the financing of premiums, serious questions must arise as to whether any insurer which refuses recognition to premium service arrangements complying with the Act is serving the public trust implicit in its being licensed by South Carolina.